

AUDIT REPORT

TOWN OF TAFT, OKLAHOMA

TAFT PUBLIC WORKS AUTHORITY

JUNE 30, 2014



KERSHAW CPA & ASSOCIATES, PC

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TOWN OF TAFT, OKLAHOMA
JUNE 30, 2014

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TOWN OF TAFT, OKLAHOMA
JUNE 30, 2014

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TOWN OF TAFT, OKLAHOMA
BOARD OF TRUSTEES
JUNE 30, 2014

BOARD OF TRUSTEES

<u>NAME</u>	<u>POSITION</u>
Lelia Davis	Mayor
Janice Bowler	Vice-Mayor
Debra Culton	Trustee
Elsie Ceasar	Trustee
Canzaty Thompson	Trustee

Unaudited

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Taft, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Taft, Oklahoma, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

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accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

The modified cash basis of accounting requires that items, having substantial support in U.S. generally accepted accounting principles, such as capitalizing assets at historical cost and recording depreciation, be recorded in the financial statements. The Town has not maintained accurate capital asset records to support the historical cost of past capital asset purchases and the related depreciation. Documentation supporting historical cost and depreciation was not readily available for our review. The amount by which this departure would affect the assets, net position, and expenses of the Governmental & Business-Type Activities is not readily determinable.

As described in the Notes, the combined financial statements referred to above do not include all of the financial activities of the Fire Department Fund which should be included as a special revenue fund, in order to conform with the modified cash basis of accounting. The effect of this omission on these modified cash basis financial statements is not reasonably determinable, but is considered sufficiently material.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Taft, Oklahoma, as of June 30, 2014, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Supplementary and Other Information

The introductory and supplementary sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures

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applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2015, on our consideration of the Town of Taft's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in compliance with *Government Auditing Standards* in considering Town of Taft's internal control over financial reporting and compliance.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

June 22, 2015

TOWN OF TAFT, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2014 Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 20,255	\$ 932	\$ 21,187
Taxes Receivable	-	-	-
Accounts Receivable	-	-	-
Due from other funds	4,799	-	4,799
Total Current Assets	25,053	932	25,986
<u>Other Assets:</u>			
Cash and cash equivalents - Restricted	-	18,160	18,160
Total Other Assets	-	18,160	18,160
<u>Capital Assets:</u>			
Capital Assets, net of Accum. Depreciation	-	423,163	423,163
Total Capital Assets	-	423,163	423,163
TOTAL ASSETS	25,053	442,255	467,309
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Note Payable - Computers	-	2,500	2,500
Due to other funds	-	4,799	4,799
Current Portion of Long-Term Debt	-	7,786	7,786
Meter Deposits	-	13,388	13,388
Total Current Liabilities	-	28,472	28,472
<u>Long-Term Liabilities:</u>			
Rural Development Note 9103	-	44,422	44,422
Rural Development Note 9104	-	178,778	178,778
Less: Current Portion of Long-Term Debt	-	(7,786)	(7,786)
Total Long-Term Liabilities	-	215,414	215,414
TOTAL LIABILITIES	-	243,886	243,886
<u>NET POSITION</u>			
Net investment in capital assets	-	199,963	199,963
Restricted for:			
Debt Service	-	18,160	18,160
Other Purposes	-	-	-
Unrestricted	25,053	(19,754)	5,299
TOTAL NET POSITION	\$ 25,053	\$ 198,369	\$ 223,422

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Personal Services	\$ 20,631	\$ -	\$ -	\$ -	\$ (20,631)
Materials & Supplies	15,701	-	-	-	(15,701)
Other Services & Charges	78,288	-	-	-	(78,288)
Capital Outlay	6,184	-	-	10,814	4,631
Total Governmental Activities	<u>120,804</u>	<u>-</u>	<u>-</u>	<u>10,814</u>	<u>(109,990)</u>
Business-type activities:					
Water, Sewer & Sanitation	76,128	65,588	-	-	(10,539)
Total Business-type Activities	<u>76,128</u>	<u>65,588</u>	<u>-</u>	<u>-</u>	<u>(10,539)</u>
Total	<u>\$ 196,932</u>	<u>\$ 65,588</u>	<u>\$ -</u>	<u>\$ 10,814</u>	<u>\$ (120,529)</u>

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (109,990)	\$ (10,539)	\$ (120,529)
General revenues:			
Sales Tax	87,706	-	87,706
Cigar Tax	1,032	-	1,032
Alcoholic Beverage Tax	899	-	899
Franchise Tax	6,825	-	6,825
Gasoline Excise Tax	454	-	454
Commercial Vehicle Tax	1,980	-	1,980
Interest Income	1	4	4
Sanitation Fees (from PWA)	-	-	-
Fire Department Dues (from PWA)	2,285	-	2,285
Miscellaneous Income	15,134	-	15,134
Transfers - Internal Activity	(3,335)	3,335	-
Total general revenues & transfers	<u>112,980</u>	<u>3,339</u>	<u>116,318</u>
Changes in net position	2,990	(7,200)	(4,210)
Net position - beginning	22,064	205,569	227,633
Net position - prior year adjustment	-	-	-
Net position - ending	<u>\$ 25,053</u>	<u>\$ 198,369</u>	<u>\$ 223,422</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,798	\$ 100	\$ 3,356	\$ 20,255
Taxes Receivable	-	-	-	-
Due from other funds	4,799	-	-	4,799
TOTAL ASSETS	<u>\$ 21,597</u>	<u>\$ 100</u>	<u>\$ 3,356</u>	<u>\$ 25,053</u>
<u>LIABILITIES & FUND EQUITY</u>				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Payroll Taxes Payable	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	100	3,356	3,456
Unassigned	21,597	-	-	21,597
TOTAL FUND BALANCES	<u>21,597</u>	<u>100</u>	<u>3,356</u>	<u>25,053</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,597</u>	<u>\$ 100</u>	<u>\$ 3,356</u>	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$0, net of accumulated depreciation of \$0, are not financial resources and, therefore, are not reported in the funds. -

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds. -

Net Position of Governmental Activities **\$ 25,053**

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>				
Sales Tax	\$ 87,706	\$ -	\$ -	87,706
Cigar Tax	1,032	-	-	1,032
Alcoholic Beverage Tax	899	-	-	899
Franchise Tax	6,825	-	-	6,825
Gasoline Excise Tax	454	-	-	454
Commercial Vehicle Tax	1,980	-	-	1,980
Grant Income - DOC	-	-	-	-
Grant Income - EODD	10,814	-	-	10,814
Interest Income	-	-	1	1
Fire Department Dues (from PWA)	-	-	2,285	2,285
Miscellaneous Income	14,019	-	1,115	15,134
TOTAL REVENUES	123,728	-	3,401	127,129
<u>EXPENDITURES:</u>				
Personal Services	20,631	-	-	20,631
Materials & Supplies	14,387	-	1,314	15,701
Other Services & Charges	76,693	-	1,594	78,288
Capital Outlay	6,184	-	-	6,184
TOTAL EXPENDITURES	117,896	-	2,908	120,804
				125,196
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,833	-	493	6,325
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	1,057	-	-	1,057
Operating Transfers Out	(3,335)	-	(1,057)	(4,392)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,278)	-	(1,057)	(3,335)
NET CHANGES IN FUND BALANCES	3,554	-	(564)	2,990
FUND BALANCE - BEGINNING OF YEAR	18,043	100	3,921	22,064
FUND BALANCE - PRIOR YEAR ADJUSTMENT	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 21,597	\$ 100	\$ 3,356	25,053

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$	2,990
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Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital debt obligation principal payments		-
--------------------------------------------	--	---

Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:

Capital Debt Proceeds		-
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized		-
Depreciation expense		-

	\$	2,990
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See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2014

	Taft Public Works Authority Enterprise Fund June 30, 2014
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 932
Total Current Assets	<u>932</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	18,160
Other capital assets, net of accumulated depreciation	<u>423,163</u>
Total Noncurrent Assets	<u>441,323</u>
TOTAL ASSETS	<u><u>442,255</u></u>
<u>LIABILITIES & FUND EQUITY</u>	
Current Liabilities:	
Note Payable - Computers	2,500
Due to other funds	4,799
Current Portion of Long-Term Debt	7,786
Meter Deposits	<u>13,388</u>
Total Current Liabilities	<u>28,472</u>
Noncurrent Liabilities:	
Rural Development Note 9103	44,422
Rural Development Note 9104	178,778
Less: Current Portion of Long-Term Debt	<u>(7,786)</u>
Total Noncurrent Liabilities	<u>215,414</u>
TOTAL LIABILITIES	<u><u>243,886</u></u>
NET POSITION:	
Net investment in capital assets	199,963
Restricted for debt service	18,160
Unrestricted	<u>(19,754)</u>
TOTAL NET POSITION	<u><u>\$ 198,369</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Taft Public Works Authority Enterprise Fund June 30, 2014
<u>OPERATING REVENUES:</u>	
Water & Sewer Collections	\$ 65,588
Other Income	-
TOTAL OPERATING REVENUES	65,588
<u>OPERATING EXPENSES:</u>	
Water Purchases	20,310
Wages & Payroll Taxes	24,673
Materials & Supplies	2,323
Other Services & Charges	3,556
Depreciation Expense	13,153
Town Trash Collection Payments	-
Fire Dept Dues	2,235
TOTAL OPERATING EXPENSES	66,250
NET OPERATING INCOME (LOSS)	(662)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	4
Interest Expense	(9,878)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(9,874)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(10,536)
Capital Contributions	-
Transfers in	3,335
Transfers out	-
CHANGE IN NET POSITION	(7,200)
TOTAL NET POSITION - BEGINNING	205,569
TOTAL NET POSITION - PRIOR YEAR ADJUSTMENT	-
TOTAL NET POSITION - ENDING	\$ 198,369

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>June 30, 2014</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from Customers	\$ 65,588
Other Cash Receipts	-
Payments to Suppliers, Employees & Laborers	(53,097)
Receipts of Customer Utility Deposits, Net of Refunds	<u>1,083</u>
Net Cash Provided (Used) by Operating Activities	<u>13,574</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers in	4,335
Operating Transfers Out	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>4,335</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Additions to Capital Assets	(6,500)
Loan Proceeds (Short Term), Less Current Year Payments	2,500
Principal paid on Long-Term Debt	(7,474)
Interest Expense	(9,878)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(21,352)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Income	<u>4</u>
Net Cash Provided (Used) by Investing Activities	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,439)
Cash & Cash Equivalents, Beginning of Year	22,531
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 19,092</u></u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ (662)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities	
Depreciation Expense	13,153
(Increase)Decrease in Accounts Receivable	-
Increase(Decrease) in Due to Other Funds	-
Increase(Decrease) in Accounts Payable	-
Increase(Decrease) in Meter Deposits	<u>1,083</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 13,574</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity:

The reporting entity includes the primary government of the Town of Taft, Oklahoma (the Town) and its component unit, Taft Public Works Authority (the Authority). Financial information for the Taft Public Works Authority is blended with the financial information of the Town of Taft as an enterprise fund. The Board of Trustees of the Town and the Authority are identical in membership. Financial transactions between the Town and the Authority occur on a regular basis. The Authority operates the water and sewer services of the Town. The Town does not have component units other than the Authority.

B. Basis of Presentation - Fund Accounting:

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equity, cash receipts, cash disbursements, and certain accruals. The Town maintains a separate bank account for each fund. All bank accounts are at institutions that are FDIC insured.

The PWA Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing services, such as water and sewer, on a continuing basis, are financed through user charges, paid by the general public. Proprietary fund types utilize the modified cash basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary fund fixed assets are valued at estimated historical cost, or if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses: renewals and betterments are capitalized.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

C. Basis of Accounting:

The Town of Taft and the Taft Public Works Authority prepare its financial statements on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The Governmental Fund types recognize revenues, expenditures, and liabilities when received or paid. Proprietary Fund types recognize revenues when earned and expenses are recorded at the time liabilities are incurred.

D. Budgetary Data:

The Town's annual operating budget represents appropriations as authorized by the Town Council and County Excise Board in accordance with the provisions of Title 68 of the Oklahoma Statutes. The Town's budget is limited by law to 90% of the amount of revenue collected in the prior year plus unreserved fund balance. In addition, revisions may be made to the budget throughout the year as authorized by the Board of Trustees and County Excise Board. The legal level of control of the budget is the expenditures category within a department.

E. Inventory of Supplies:

Inventory of supplies is not reported on the financial statements of the Town. The amount of inventory on hand is not material to the financial statements.

F. Cash and Cash Equivalents:

The statement of cash flows for proprietary fund types explains the change in cash and cash equivalents during the fiscal period. For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

G. Receivables:

As a result of the cash basis of accounting, the Town has not accrued receivables and the Authority does not have an allowance for doubtful accounts because it believes the ultimate amount received will be materially similar to the amount accrued.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

H. Capital Assets:

Public domain (infrastructure) general capital assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure. The Town of Taft does not maintain detailed asset records.

For the proprietary fund, the sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts, and charging the resulting gain or loss to income. However, the PWA also has not maintained detailed asset records. Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition. Estimated useful lives are as follows:

System Facilities	50 years
Equipment	5-10 years

Capitalization Policy:

Purchases of capital items in excess of \$500.00 that increase the capacity or operation efficiency or extend the useful life of any asset are capitalized. Repairs and maintenance are expensed as incurred.

I. Equity Classification:

Net Position is classified and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Major Special Revenue Fund

Revenue Source

Capital Improvement Fund

Grant Income
Interest Income

J. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

1. For the first time the financial statement should include:
 - a. A Management Discussion and Analysis (MD&A) section providing analysis of the Town's overall financial position and results of operations. However, the Town has chosen not to present the required MD&A for the current year.
 - b. Financial statements prepared using full accrual accounting for all of the Town's activities, except for including the General capital assets or infrastructure (roads, bridges, etc.).
2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The Town has elected to implement the general provisions of the Statement and report infrastructure acquired after July 1, 2003 as provided by GASB standards.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2014, the Town held deposits of approximately \$39,347 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school Town tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school Town.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the Town's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Finance-related Legal & Contractual Provisions

As described in Note 4, the Authority was in compliance with the reserve requirements of the Rural Development loan agreements.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the Town for this fiscal year.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Excess of Expenditures Over Appropriations

As indicated in Note 1, the Town prepares an Estimate of Needs budget. However, a Budgetary Comparison Schedule has not been prepared.

NOTE 4 - RESTRICTED CASH

The Authority records the amount held for meter deposits and the Rural Development loan reserve as restricted assets. The Authority has a meter deposit account. However, the account does not have a balance sufficient to cover the liability. The reserve requirement for the existing Rural Development loan was \$5,940.00. For the new loan, the Authority is required to set aside into a Reserve Account the sum of 10% of the monthly installment or \$95.10 each month until there is accumulated in that account the sum of the annual installment (\$11,412.00), after which deposits may be suspended, except to replace withdrawals. The Authority cannot withdraw funds from the reserve account without USDA approval. The required balance as of June 30, 2014 was \$12,259.61. The reserve account balance at June 30, 2014 was \$12,515.48 which complies with the requirements.

NOTE 5 - CHANGES IN CAPITAL ASSETS

Proprietary Fund Capital Assets:

	2013	Additions	Deductions	2014
System Facilities	\$ 145,355	\$ -	\$ -	\$ 145,355
Water System Additions	370,579	-	-	370,579
Sewer System Additions	99,558	-	-	99,558
Office Equipment	1,413	6,500	-	7,913
Truck	2,700	-	-	2,700
Total Capital Assets	619,605	6,500	-	626,105
Less: Accum. Depreciation	(189,789)	(13,153)		(202,942)
Net Capital Assets	<u>\$ 429,816</u>	<u>\$ (6,653)</u>	<u>\$ -</u>	<u>\$ 423,163</u>

NOTE 6 -LONG-TERM DEBT:

In August 1983, the Authority borrowed \$122,808 from the United States Department of Agriculture Rural Development (USDA). The note included interest at 3.75% for a term of 40 years, with monthly installments of \$495. The Rural Development loan number is 9103 for this loan.

In October 2001, the Authority borrowed \$209,300 from the United States Department of Agriculture Rural Development (USDA). The note included interest at 4.50% for a term of 40 years, with monthly installments of \$951. The Rural Development loan number is 9104 for this loan.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Changes in Long-Term Debt:

	2013	Additions	Retirements	2013
USDA RD Loan #9103	\$ 48,611	\$ -	\$ (4,188)	\$ 44,422
USDA RD Loan #9104	182,063	-	(3,286)	178,778
Total Long-Term Debt	230,674	-	(7,474)	223,200

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2014, are as follows:

USDA RD Loan #9103

Year Ending

June 30,	Principal	Interest	Total
2015	\$ 4,348	\$ 1,592	\$ 5,940
2016	4,514	1,426	5,940
2017	4,687	1,253	5,940
2018	4,865	1,075	5,940
2019	5,051	889	5,940
2020-2023	20,956	1,557	22,514
Total	44,422	7,792	52,214

USDA RD Loan #9104

Year Ending

June 30,	Principal	Interest	Total
2015	\$ 3,437	\$ 7,975	\$ 11,412
2016	3,595	7,817	11,412
2017	3,760	7,652	11,412
2018	3,933	7,479	11,412
2019	4,114	7,298	11,412
2020-2024	23,584	33,476	57,060
2025-2029	29,522	27,538	57,060
2030-2034	36,956	20,104	57,060
2035-2039	46,261	10,799	57,060
2040-2042	23,613	1,218	24,832
Total	178,778	131,354	310,132

NOTE 7 - PENSION OBLIGATIONS

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the System), a statewide cost-sharing, multiple-employer, defined benefit plan, on behalf of volunteer firefighters. Participation in the System is open to all full-time or volunteer firefighters of a participating municipality hired before age 45. Contribution rates for full-time and volunteer firefighters are set by state statute. The System is supported by employee contributions, municipal contributions, and state appropriations.

Benefits under the System are vested after 10 years of credited service. Volunteers may receive benefits after obtaining 20 years of credited service. Benefits are determined at the rate of \$5.46 per

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

month per year of credited service, with a maximum of 30 years considered.

During the year ended June 30, 2014, the contribution was \$960.00.

NOTE 8 - FIRE DEPARTMENT

Some of the bank records for the Fire Department Fund were unavailable.

NOTE 9 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

The restricted net position include amounts related to Note 4 above.

Fund Balances

Town of Taft
Disclosure of Fund Balances Reported on Balance Sheet
For Fiscal Year Ending June 30, 2014

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:				
Assigned to:				
Capital Improvements	\$ -	\$ 100	\$ -	\$ 100
Cemetery Fund	-	-	2,714	2,714
Resource Center	-	-	305	305
Fire Dept Fund	-	-	337	337
Unassigned	21,597	-	-	21,597
Total	<u>\$ 21,597</u>	<u>\$ 100</u>	<u>\$ 3,356</u>	<u>\$ 25,053</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

GRANT PROGRAMS

The Town participates in certain federal and state grant programs as available; currently the town is not participating in any ongoing programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

LITIGATION

The financial statements do not include accrual or provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, such judgments may become liabilities only of the Debt Service Fund and only in the year in which tax revenue is specifically assessed for payment of the claim, and only to the extent of the taxes so specifically assessed in that year.

As of June 30, 2014, and as of this date, there is no material pending litigation involving Town of Taft, except as follows:

1. Marlon Brown v. Town of Taft, et al, United States District Court for the Eastern District of Oklahoma, case number 14-CV-93. The plaintiff has sued the Town of Taft and various board members for an amount in excess of \$100,000 claiming he was wrongfully terminated from his employment, violation of the Oklahoma Protection of Labor act, retaliation in violation of 42 U.S.C. Section 1983 and Retaliation in violation of the Oklahoma Consitution. There has been minor progress in the case. Some discovery has been done. Management denies all of the plaintiff's claims and intends to vigorously defend all of plaintiff's claims. At this stage of the litigation the outcome cannot be predicted as to favorable or unfavorable for the town. At this stage an estimate of the potential range of loss for the town cannot be given because of the fact that the plaintiff has only asserted damages in excess of \$100,000 without further clarification.

NOTE 11 - INTERFUND PAYABLES

The interfund payable recorded in the financial statements is the amount due from the enterprise fund to the general fund. The interfund transactions are not reconciled and the balances shown in the financial statements are carried forward from previous years without additions and deductions.

NOTE 12 - OPERATING TRANSFERS

Interfund operating transfers for the year ended June 30, 2014, were as follows:

TOWN OF TAFT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Capital Improvement Fund	\$ -	\$ -
Cemetery Fund	-	-
Resource Center	-	-
Fire Department Fund	1,057.13	-
Taft Public Works Authority	-	3,335.35
Total General Fund	<u>\$ 1,057.13</u>	<u>\$ 3,335.35</u>
SPECIAL REVENUE FUNDS:		
Capital Improvement Fund:		
General Fund	\$ -	\$ -
Cemetery Fund:		
General Fund	-	-
Resource Center Fund:		
General Fund	-	-
Fire Department Fund:		
General Fund	-	1,057.13
Taft Public Works Authority	-	-
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 1,057.13</u>
ENTERPRISE FUNDS		
Taft		
General Fund	\$ 3,335.35	\$ -
Fire Department Fund	-	-
Total Enterprise Funds	<u>\$ 3,335.35</u>	<u>\$ -</u>
	<u>\$ 4,392.48</u>	<u>\$ 4,392.48</u>

NOTE 13 - ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Accumulated unpaid vacation and sick leave benefits have not been shown as a liability in the financial statements. The Town's position is that any accrued benefits are not significant and would not materially affect the financial statements

NOTE 14 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through June 22, 2015, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2014.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Town of Taft, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taft, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, which collectively comprise the Town of Taft, Oklahoma's basic financial statements, and have issued our report thereon dated June 22, 2015, which was qualified for the improper capital asset recordkeeping and the incomplete financial activities of the Fire Department Fund.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Taft's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Taft's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Taft's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations,

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during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings that we consider to be significant deficiencies. Those deficiencies are listed as Item 14-01, 14-02 & 14-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Taft's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, which are included in the Schedule of Findings as Item 14-04. The results of our tests disclosed no instances of other matters that are required to be reported under Government Auditing Standards.

Town of Taft's Response to Findings

Town of Taft's response to the findings identified in our audit is described in the accompanying Schedule of Findings. Town of Taft's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.

Kershaw CPA & Associates, PC

June 22, 2015

TOWN OF TAFT, OKLAHOMA
TAFT PUBLIC WORKS AUTHORITY
SCHEDULE OF FINDINGS
JUNE 30, 2014

INTERNAL CONTROL FINDINGS:

Item 14-01: Meter Deposits

Criteria: It is the responsibility of the Town to properly report and account for the financial information.

Condition: The Meter Deposit Control Account has not been accurately posted with all transactions during past years and the certificate of deposit which was to be used for meeting meter refund requirements was cashed in during the fiscal year ending June 30, 2007.

Cause/Effect: Customers could potentially not receive proper reimbursement on their deposit and the organization's balance sheet could be incorrect with respect to the deposit account.

Recommendation: All deposit refunds and final bills should be accurately posted to reconcile the account at yearend. A Meter Deposit Ledger should be maintained so that an accurate liability amount can be reported. The Town should also maintain a reserved bank account to be used for refunding meter deposits.

Response: The Town is making efforts to establish a meter deposit ledger and identify meter deposits separately from utility revenue. In this effort, a new account was opened for meter deposits.

Item 14-02: Accounts Receivable

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, ensuring validity of financial records and reports, promoting adherence to policies, procedures, regulations and laws, and promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transactions. In general terms, internal controls are simply good business practices.

Condition: The Town did not have strong internal controls in place for promoting effectiveness and efficiency of operations and in some instances internal control is virtually non-existent.

TOWN OF TAFT, OKLAHOMA
TAFT PUBLIC WORKS AUTHORITY
SCHEDULE OF FINDINGS
JUNE 30, 2014

Cause/Effect: Due to the weak internal control system, the Authority has a large balance of accounts receivables due from customers. This balance is not reflected in the modified cash basis financial statements.

Recommendation: The Authority needs to make efforts to reduce the large outstanding balance. The Board should continue to be actively involved in the operations of the Town.

Response: The Town is aware of the problem and is trying to determine a solution.

Item 14-03: Safeguarding assets

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, Ensuring validity of financial records and reports, Promoting adherence to policies, procedures, regulations and laws, and Promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transactions. In general terms, internal controls are simply good business practices.

Condition: The Town did not have strong internal controls in place for safeguarding its assets (i.e. cash), and in some instances is virtually non-existent.

Cause/Effect: Due to the weak internal control system, it would be possible for employees to purchase gasoline for personal vehicles and have it paid with Town funds.

Recommendation: The Town needs to have policies and procedures in place that document all business vehicle expenditures with voucher forms and management oversight.

Response: The Town is aware of the problem and is trying to determine a solution.

TOWN OF TAFT, OKLAHOMA
TAFT PUBLIC WORKS AUTHORITY
SCHEDULE OF FINDINGS
JUNE 30, 2014

COMPLIANCE FINDINGS:

Item 14-04: Water and Sewer Recordkeeping

Criteria: The loan agreement with the United States Department of Agriculture Rural Development (USDA) requires the Authority to maintain income and expense records for water and sewer systems separately.

Condition: The Authority maintains separate bank accounts for water and sewer income. However, the Authority does not maintain separate income and expense accounts for the water and sewer systems.

Cause/Effect: This leaves the Authority out of compliance with the Rural Development loan agreement as the USDA will no longer be accepting audits that do not have Water and/or Sewer Records broken out separately.

Response: The Authority is aware of the situation.

TOWN OF TAFT, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Cemetery Fund	Resource Center	Fire Dept. Fund	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,714	\$ 305	\$ 337	\$ 3,356
Investments	-	-	-	-
TOTAL ASSETS	\$ 2,714	\$ 305	\$ 337	\$ 3,356
<u>LIABILITIES & FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Payroll Taxes Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
<u>FUND BALANCES:</u>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	2,714	305	337	3,356
Unassigned	-	-	-	-
TOTAL FUND BALANCES	2,714	305	337	3,356
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,714	\$ 305	\$ 337	\$ 3,356

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Cemetery Fund	Resource Center	Fire Dept. Fund	
<u>REVENUES:</u>				
Grant Income	\$ -	\$ -	\$ -	\$ -
Interest Income	1	-	-	1
Fire Department Dues (from PWA)	-	-	2,285	2,285
Miscellaneous Income	450	465	200	1,115
TOTAL REVENUES	451	465	2,485	3,401
<u>EXPENDITURES:</u>				
Personal Services	-	-	-	-
Materials & Supplies	-	507	807	1,314
Other Services & Charges	-	-	1,594	1,594
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	507	2,401	2,908
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	451	(42)	84	493
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(1,057)	(1,057)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,057)	(1,057)
NET CHANGES IN FUND BALANCES	451	(42)	(973)	(564)
FUND BALANCE - BEGINNING OF YEAR	2,263	347	1,310	3,921
FUND BALANCE - PRIOR YEAR ADJUSTMENT	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 2,714	\$ 305	\$ 337	\$ 3,356

See Accountant's Audit Report & Notes Which Accompany These Financial Statements